

# QUARTERLY REPORT

## SEPTEMBER 2014

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## COMPANY INFORMATION

### Board of Directors

Jameel Yusuf	Chairman
Ali Jameel	Director
Saad Nissar	Director / CEO
Syed Kazim Hasan	Director / CFO
Adil Matcheswalla	Director
Syed Nadir Shah	Director
Mustafa Ali	Director

### Chief Executive Officer

Saad Nissar

### Chief Financial Officer

Syed Kazim Hasan

### Company Secretary

Syed Ali Hassan

### Audit Committee

Syed Nadir Shah	Chairman
Adil Matcheswalla	Member
Ali Jameel	Member
Muhammad Aamir Kaleem	Secretary

### Human Resources & Remuneration Committee

Adil Matcheswalla	Chairman
Syed Nadir Shah	Member
Ali Jameel	Member
Mustafa Ali	Member & Secretary

### Finance & Investment Committee

Ali Jameel	Chairman
Mustafa Ali	Member
Syed Kazim Hasan	Member
Syed Ali Hassan	Secretary

### Underwriting Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Kamran M. Hanif	Member & Secretary

### Claims Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Naveed Ahsan	Member & Secretary

### Coinurance & Reinsurance Committee

Saad Nissar	Chairman
Syed Kazim Hasan	Member
Naveed Ahsan	Member
Kamran M. Hanif	Member & Secretary

### Bankers

Habib Metropolitan Bank Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Limited  
National Bank of Pakistan  
United Bank Limited  
Faysal Bank Limited  
Sindh Bank Limited  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Burj Bank Limited  
Tameer Microfinance Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisor

Lari & Co.  
Maritime & Insurance Advocates

### Share Registrar

THK Associates (Pvt) Ltd  
2nd Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road,  
Karachi-75530, Pakistan  
Tel: (021) 35689021, 35686658  
UAN: 111-000-322  
Fax: (021) 35655595

### Registered Office

12th Floor, Centrepont,  
Off Shaheed-e-Millat Expressway,  
Near KPT Interchange, Karachi-74900  
Tel: (021) 34322555  
Fax: (021) 34322515

### Web Presence

[www.tplinsurance.com](http://www.tplinsurance.com)

### Contact

UAN: 111-000-301  
Tel: (021) 34322555 & 34315895  
Fax: (021) 34322515

## GEOGRAPHICAL PRESENCE

### Head Office

#### Karachi

12th Floor, Centrepont,  
Off Shaheed-e-Millat Expressway,  
Near KPT Interchange,  
Karachi-74900.

UAN: (021) 111-000-301

Tel: (021) 34322555

Fax: (021) 34322515

### Branch Offices

#### Lahore

51-M, Denim Road, Quaid-e-Azam,  
Industrial Estate, Kot Lakhpat,  
Lahore.

UAN: (042) 111-000-301

Fax: (042) 35157233

#### Islamabad

Plot # 211, Street # 07,  
I-9/2, Industrial Area,  
Islamabad.

UAN: (051) 111-000-301

Fax: (051) 4443793-5

#### Faisalabad

P-6161, West Canal Road,  
Adjacent to Toyota Faisalabad Motors,  
and behind HBL Canal Road Branch,  
Faisalabad.

Tel: (041) 8501471-3

Fax: (041) 8501470

#### Multan

House # 5, Suraj Miani Road,  
Chongi # 1, Opposite Ashraf Cardic Clinic,  
Multan.

UAN: (061) 111-000-301

Fax: (061) 6212196

#### Gujranwala

Opp. Jail Town, Chand Da Qila  
By Pass, G.T. Road,  
Gujranwala.

Tel: (055) 3257333

Fax: (055) 3252022

#### Hyderabad

A-8/9, District Council  
Complex Cantt,  
Hyderabad.

Tel: (022) 2728676

Fax: (022) 2783154



## DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the unaudited condensed interim financial statements for the nine months' period ended 30th September 2014.

Fiscal Year 2015 has started with political turmoil, heavy floods and strict IMF conditions to release next tranche. Equity market has demonstrated mix trends with KSE-100 index losing 5.7% MoM during the month of August before recovering marginally in September. However, Foreign Investors have remained upbeat with an estimated investment of \$157.7 million during the quarter in spite of negative political developments, energy crises and poor law and order situation. The inflation during the period remained below the expected average inflation of 9% for FY2015 and Pak Rupee depreciated approximately 3% during the quarter. There is some respite seen in political tensions but aggression on border by neighboring country, delay in structuring privatization and withdrawal of energy subsidies poses challenge for economic progress.

Our results for the nine months' period ended 30th September 2014 closed on a mix note. Premium written for the period increased to PKR 904.66 million from PKR 639.24 million of the corresponding period, achieving a healthy growth of approximately 41.5%. However, Claims ratio for the period is recorded at 53%, which is higher than 45% claims ratio of the corresponding period of last year due to heavy accidental losses, increase in theft of vehicles and GST impact on auto parts as a result of change in tax regulations. However, cumulative expenses for the period remained under strict control and were maintained at 38% of the earned premium against 44% of last year's corresponding period. Consequently, our pre-tax and post-tax profit for the nine months' period remained at PKR 36.04 million and PKR 25.23 million respectively with an EPS of PKR 0.55 per share (PKR 0.87 per share for corresponding period of last year).

Company's motor premium continues to be prime constituent of overall insurance premium with 95% contribution to the total premium. Despite challenging environment in the motor industry, the motor premium has shown unprecedented growth. This growth can be ascribed to our aggressive marketing campaign which was launched in March 2014 and strengthening of the distribution network across Pakistan. Branches now share over 35% of the total gross premium. Management is actively evaluating and directing its efforts towards other retail business products to strengthen the product mix of the Company.

We feel pleasure to announce that SECP has granted license to the Company for undertaking Window Takaful Operations. The Company has successfully launched its takaful operations with Islamic Banks to underwrite Takaful Policies subsequent to period end. Further, launch of health insurance during the year has resulted in 5.1% contribution in gross premium

from miscellaneous class (2.4% in corresponding period of last year). The Company is exploring various channels to broaden its outreach to micro health customers and is actively working on developing its expertise in the micro insurance.

Subsequent to period end, the majority shareholder of the Company has entered into an agreement with Greenoaks Global Holdings Ltd to sell 33% of the shareholding of the Company subject to regulatory approvals. Greenoaks Global Holdings Ltd is an insurance venture incorporated in United Kingdom and is a long-term investor in the insurance industry in emerging markets in Africa and Asia.

We would like to thank all our stakeholders, business partners, Securities and Exchange Commission of Pakistan and staff for their continued support.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors



**Saad Nissar**

Chief Executive Officer

## Condensed Interim Balance Sheet

As at 30 September 2014

Note	(Unaudited) 30 September 2014	(Audited) 31 December 2013
	(Rupees)	
<b>Share capital and reserves</b>		
Authorised share capital	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital	452,312,959	452,312,959
Accumulated profits / (losses)	<u>11,744,938</u>	<u>(13,485,882)</u>
<b>Total equity</b>	<u>464,057,897</u>	<u>438,827,077</u>
<b>Underwriting provisions</b>		
Provision for outstanding claims (including IBNR)	165,767,335	126,091,093
Provision for unearned premium	<u>571,037,343</u>	<u>441,908,398</u>
Total underwriting provisions	<u>736,804,678</u>	<u>567,999,491</u>
<b>Deferred liability</b>		
Deferred tax liability	10,983,558	7,283,892
<b>Creditors and accruals</b>		
Premium received in advance	2,691,041	2,499,778
Amounts due to other insurers / reinsurers	15,088,751	15,354,359
Accrued expenses	3,172,967	3,759,479
Taxation - provision less payments	12,678,774	9,689,449
Other creditors and accruals	<u>36,716,110</u>	<u>30,131,061</u>
	<u>70,347,643</u>	<u>61,434,126</u>
<b>Borrowings</b>		
Short term running finance	21,317,890	-
<b>Total liabilities</b>	<u>839,453,769</u>	<u>636,717,509</u>
<b>Total equity and liabilities</b>	<u>1,303,511,666</u>	<u>1,075,544,586</u>
<b>Contingencies &amp; commitments</b>		

## Condensed Interim Balance Sheet

As at 30 September 2014


	Note	(Unaudited) 30 September 2014	(Audited) 31 December 2013
		(Rupees)	
<b>Cash and bank deposits</b>	7		
Cash and other equivalent		481,465	422,903
Current and other accounts		63,963,358	107,924,804
		<u>64,444,823</u>	<u>108,347,707</u>
<b>Loans - (secured, considered good) to employees</b>		555,837	352,582
<b>Investments</b>	8	157,709,072	153,238,416
<b>Current assets - others</b>			
Premiums due but unpaid- unsecured		143,618,874	88,217,781
Amounts due from other insurers / reinsurers - unsecured		22,133	22,133
Reinsurance recoveries against outstanding claims		863,000	863,000
Salvage recoveries accrued		17,258,000	4,277,000
Accrued investment income		5,989,717	2,132,643
Deferred commission expense		89,108,078	57,425,788
Advance, deposits and prepayments	9	427,739,625	356,553,842
Sundry receivables		10,944,617	15,975,002
		<u>695,544,044</u>	<u>525,467,189</u>
Loan to Associated Company		126,679,551	100,000,000
<b>Fixed assets</b>	10		
<b>Tangible and intangible assets</b>			
Furniture and fixtures		1,961,200	1,785,882
Office equipment		4,886,438	3,747,701
Motor vehicles		5,226,567	7,981,837
Equipments		237,360,428	152,954,342
Computer equipments		4,300,926	2,618,160
Capital work-in-progress		4,842,480	19,050,470
Intangible		300	300
		<u>258,578,339</u>	<u>188,138,692</u>
<b>Total assets</b>		<u><u>1,303,511,666</u></u>	<u><u>1,075,544,586</u></u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
 Saad Nissar  
 Chief Executive

  
 Ali Jameel  
 Director

  
 Syed Kazim Hasan  
 Director

  
 Jameel Yusuf  
 Chairman

## Condensed Interim Profit and Loss Account (Unaudited)


For the three months period and nine months period ended 30 September 2014

	Three months period ended 30 September			
	Motor	Miscellaneous	Aggregate 2014	Aggregate 2013
	(Rupees)			
<b>Revenue account</b>				
Net premium revenue	262,806,644	12,571,027	275,377,671	191,016,181
Net claims	(154,948,379)	(8,909,563)	(163,857,942)	(99,594,816)
Expenses	(78,253,865)	(3,439,609)	(81,693,474)	(58,436,658)
Net commission	(31,612,852)	(3,201,518)	(34,814,370)	(19,826,121)
<b>Underwriting result</b>	<b>(2,008,452)</b>	<b>(2,979,663)</b>	<b>(4,988,115)</b>	13,158,586
Investment income			1,492,512	1,435,091
Other income			19,380,308	17,047,026
General and administrative expenses			(30,865,105)	(22,533,874)
Financial charges			(167,489)	(126,944)
			(10,159,774)	(4,178,701)
<b>Loss before tax</b>			<b>(15,147,889)</b>	8,979,885
Provision for taxation - current			3,242,133	(3,171,826)
- prior			-	-
- deferred			678,308	946,863
			3,920,441	(2,224,963)
<b>Loss after tax</b>			<b>(11,227,448)</b>	6,754,922
	<b>Nine months period ended 30 September</b>			
	Motor	Miscellaneous	Aggregate 2014	Aggregate 2013
	(Rupees)			
<b>Revenue account</b>				
Net premium revenue	749,042,522	20,725,232	769,767,754	537,610,378
Net claims	(397,311,024)	(10,700,447)	(408,011,471)	(242,248,796)
Expenses	(195,183,466)	(5,400,525)	(200,583,991)	(168,858,001)
Net commission	(93,688,609)	(6,908,204)	(100,596,813)	(53,811,462)
<b>Underwriting result</b>	<b>62,859,423</b>	<b>(2,283,944)</b>	<b>60,575,479</b>	72,692,119
Investment income			12,232,625	4,525,800
Other income			57,757,688	47,861,578
General and administrative expenses			(94,017,305)	(65,286,321)
Financial charges			(504,459)	(380,680)
			(24,531,451)	(13,279,623)
<b>Profit before tax</b>			<b>36,044,028</b>	59,412,496
Provision for taxation - current			(7,113,542)	(9,050,007)
- prior			-	-
- deferred			(3,699,666)	(10,350,242)
			(10,813,208)	(19,400,249)
<b>Profit after tax</b>			<b>25,230,820</b>	40,012,247
<b>Profit and loss appropriation account</b>				
Balance at the commencement of the year			(13,485,882)	(65,008,628)
Profit after tax for the period			25,230,820	40,012,247
<b>Balance of unappropriated profit / (loss) at the end of the nine months</b>			<b>11,744,938</b>	(24,996,381)
Earnings per share	12		0.55	0.87

The annexed notes from 1 to 14 form an integral part of these financial statements.




Saad Nissar  
Chief Executive



Ali Jameel  
Director



Syed Kazim Hasan  
Director



Jameel Yusuf  
Chairman

## Condensed Interim Statement of Cash Flow (Unaudited)

For the nine months period ended 30 September 2014

	30 September 2014	30 September 2013
	(Rupees)	
<b>Operating activities</b>		
(a) Underwriting activities		
Premiums received	849,447,994	399,890,058
Reinsurance premiums paid	(6,026,733)	(3,713,970)
Claims paid	(470,586,512)	(217,686,206)
Reinsurance and other recoveries	89,270,283	72,082,958
Commission paid	(124,339,497)	(44,829,838)
Net cash inflow from underwriting activities	337,765,535	205,743,002
(b) Other operating activities		
Income tax paid	(4,124,217)	(3,029,467)
General management expenses paid	(261,243,052)	(173,723,636)
Other operating (payments) / receipts	6,525,093	-
Loans advanced	(668,062)	(145,000)
Loans repayments received	464,807	795,063
Net cash outflow from other operating activities	(259,045,431)	(176,103,040)
<b>Total cash generated from all operating activities</b>	78,720,104	29,639,962
<b>Investment activities</b>		
Profit / return received on Pakistan investment bond	6,064,578	3,018,475
Loan advanced to associated company	(67,850,000)	-
Loans repayments received from associated company	50,000,000	-
Payments for purchase of investments	-	(36,632)
Proceeds from disposal of investments	3,251,969	-
Dividend received	25,000	-
Fixed capital expenditure	(139,374,726)	(1,085,884)
Proceeds from disposal of fixed assets	4,446,760	3,024,212
<b>Total cash (used in) / generated from investing activities</b>	(143,436,419)	4,920,171
<b>Financing activities</b>		
Financial charges paid	(504,459)	(253,736)
<b>Total cash used in financing activities</b>	(504,459)	(253,736)
<b>Net cash (used in) / generated from all activities</b>	(65,220,774)	34,306,397
<b>Cash and cash equivalent at beginning of the period</b>	108,347,707	17,769,130
<b>Cash and cash equivalent at end of the period</b>	43,126,933	52,075,527

## Condensed Interim Statement of Cash Flow (Unaudited)

For the nine months period ended 30 September 2014

	30 September 2014	30 September 2013
	(Rupees)	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	78,720,104	29,639,962
Depreciation / amortisation expense	(52,166,575)	(23,867,389)
Profit on disposal of fixed assets	1,929,459	2,001,749
Profit on disposal of investments	251,969	-
Increase in assets other than cash	166,423,036	82,692,806
Increase in liabilities	(174,729,381)	(45,873,469)
	<u>20,428,612</u>	<u>44,593,659</u>
<b>Other adjustments</b>		
Income tax paid	4,124,217	3,029,467
Financial charges	(504,459)	(253,736)
Return on Government Securities	4,564,578	2,999,446
Dividends received	25,000	35,000
Share of profit from Associate	7,406,078	28,775
Provision for taxation	(10,813,206)	(17,175,286)
	<u>4,802,208</u>	<u>(11,336,334)</u>
<b>Profit after taxation</b>	<u>25,230,820</u>	<u>33,257,325</u>

### Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

### Cash for the purposes of the Statement of Cash Flows consists of:

#### Cash and other equivalents

Cash in hand	481,465	270,041
Current and other accounts	63,963,358	51,805,486
	<u>64,444,823</u>	<u>52,075,527</u>
Short term running finance	(21,317,890)	-
	<u>43,126,933</u>	<u>52,075,527</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


Saad Nissar  
Chief Executive

Ali Jameel  
Director

Syed Kazim Hasan  
Director

Jameel Yusuf  
Chairman

## Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 30 September 2014


	<u>Share capital</u> <u>Issued,</u> <u>subscribed and</u> <u>paid-up</u>	<u>Accumulated</u> <u>profits /</u> <u>(losses)</u> <u>(Rupees)</u>	<u>Total</u>
Balance as at 1 January 2013	452,312,959	(65,008,628)	387,304,331
<b>Total comprehensive income</b>			
Profit for the nine months period ended 30 September 2013	-	40,012,247	40,012,247
Balance as at 30 September 2013	452,312,959	(24,996,381)	427,316,578
<b>Total comprehensive income</b>			
Profit for the three months period ended 31 December 2013	-	11,510,499	11,510,499
Balance as at 31 December 2013	452,312,959	(13,485,882)	438,827,077
<b>Total comprehensive income</b>			
Profit for the nine months period ended 30 September 2014	-	25,230,820	25,230,820
<b>Balance as at 30 September 2014</b>	<b>452,312,959</b>	<b>11,744,938</b>	<b>464,057,897</b>

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
 Saad Nissar  
 Chief Executive

  
 Ali Jameel  
 Director

  
 Syed Kazim Hasan  
 Director

  
 Jameel Yusuf  
 Chairman



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		Three months period ended 30 September											
		Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded		Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue		
			Opening	Closing				Opening	Closing		2014	2013	
	Class						(Rupees)						
	1	Motor business	275,928,899	524,424,628	535,719,912	264,633,615	-	-	-	1,453,347	1,453,347	263,180,268	189,341,551
	2	Miscellaneous	22,350,766	25,631,096	35,317,431	12,664,431	-	-	-	467,028	467,028	12,197,403	1,674,630
	Total		298,279,665	550,055,724	571,037,343	277,298,046	-	-	-	1,920,375	1,920,375	275,377,671	191,016,181

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Saad Nissar  
Chief Executive

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Ali Jameel  
Director

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Syed Kazim Hasan  
Director

James Smith

**Jameel Yusuf**  
Chairman

## Condensed Interim Statement of Claims (Unaudited)

For the three months period and nine months period ended 30 September 2014

### Business underwritten inside Pakistan

Class	Three months period ended 30 September						
	Claims paid		Outstanding claims		Reinsurance and other recoveries		Net claims expense
	Opening	Closing	Opening	Closing	received	and other recoveries	
Direct and facultative							
1 Fire and property damage	-	1,194,000	1,194,000	119,400	-	-	-
2 Motor business	127,048,325	138,723,703	158,278,455	13,623,302	(12,723,302)	(8,345,302)	154,948,379
3 Miscellaneous	3,216,866	602,183	6,294,880	-	-	-	8,909,563
<b>Total</b>	<b>130,265,191</b>	<b>140,519,886</b>	<b>165,767,335</b>	<b>13,743,000</b>	<b>(12,723,302)</b>	<b>(8,345,302)</b>	<b>163,857,942</b>

Class	Nine months period ended 30 September						
	Claims paid		Outstanding claims		Reinsurance and other recoveries		Net claims expense
	Opening	Closing	Opening	Closing	received	and other recoveries	
Direct and facultative							
1 Fire and property damage	-	1,194,000	1,194,000	119,400	-	-	-
2 Motor business	464,553,471	123,269,619	158,278,455	5,020,600	89,270,283	102,251,283	397,311,024
3 Miscellaneous	6,033,041	1,627,474	6,294,880	-	-	-	10,700,447
<b>Total</b>	<b>470,586,512</b>	<b>126,091,093</b>	<b>165,767,335</b>	<b>5,140,000</b>	<b>89,270,283</b>	<b>102,251,283</b>	<b>408,011,471</b>

The annexed notes from 1 to 14 form an integral part of these financial statements.



**Saad Nissar**  
Chief Executive



**Ali Jameel**  
Director



**Syed Kazim Hasan**  
Director



**Jameel Yusuf**  
Chairman

## Condensed Interim Statement of Expenses (Unaudited)

For the three months period and nine months period ended 30 September 2014

### Business underwritten inside Pakistan

Class		Three months period ended 30 September					
		Commissions paid or payable		Deferred commission		Net commission expense	
		Opening	Closing	Opening	Closing	Other management expenses (Rupees)	Underwriting expense
Direct and facultative	1 Motor business	36,225,908	77,467,901	82,080,957	31,612,852	78,253,865	109,866,717
	2 Miscellaneous	3,359,517	6,869,122	7,027,121	3,201,518	3,439,609	6,641,127
	Total	39,585,425	84,337,023	89,108,078	34,814,370	81,693,474	116,507,844
Class		Nine months period ended 30 September					
		Commissions paid or payable		Deferred commission		Net commission expense	
		Opening	Closing	Opening	Closing	Other management expenses (Rupees)	Underwriting expense
Direct and facultative	1 Motor business	121,813,610	53,955,956	82,080,957	93,688,609	195,183,466	288,872,075
	2 Miscellaneous	10,465,493	3,469,832	7,027,121	6,908,204	5,400,525	12,308,729
	Total	132,279,103	57,425,788	89,108,078	100,596,813	200,583,991	301,180,804
Class		Commissions paid or payable		Deferred commission		Net commission expense	
		Opening	Closing	Opening	Closing	Other management expenses (Rupees)	Underwriting expense
		2013	2014	2013	2014	2013	2014
Direct and facultative	1 Motor business	64,878,711	109,866,717	-	-	-	-
	2 Miscellaneous	13,384,068	6,641,127	-	-	-	-
	Total	78,262,779	116,507,844	-	-	-	-

The annexed notes from 1 to 14 form an integral part of these financial statements.



Saad Nissar  
Chief Executive



Ali Jameel  
Director



Syed Kazim Hasan  
Director



Jameel Yusuf  
Chairman

## Condensed Interim Statement of Investment Income (Unaudited)

For the three months period and nine months period ended 30 September 2014


	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	2014	2013
	----- (Rupees) -----			
<b>Income from non-trading investments</b>				
<i>Held-to-maturity</i>				
Return on Government Securities	1,500,000	1,442,579	4,564,578	4,477,025
<i>Available-for-sale</i>				
Dividend income	-	-	25,000	35,000
	<u>1,500,000</u>	<u>1,442,579</u>	<u>4,589,578</u>	<u>4,512,025</u>
Gain on sale of non-trading available-for-sale investments	-	-	251,969	-
	<u>1,500,000</u>	<u>1,442,579</u>	<u>4,841,547</u>	<u>4,512,025</u>
Share of profit / (loss) on investment in associated company	-	-	7,406,078	28,775
Brokerage expense	(7,488)	(7,488)	(15,000)	(15,000)
<b>Net investment income</b>	<u>1,492,512</u>	<u>1,435,091</u>	<u>12,232,625</u>	<u>4,525,800</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
 Saad Nissar  
 Chief Executive

  
 Ali Jameel  
 Director

  
 Syed Kazim Hasan  
 Director

  
 Jameel Yusuf  
 Chairman

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2014

### 1. STATUS AND NATURE OF BUSINESS

TPL Direct Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 to carry on general insurance business. The Company is a subsidiary of TPL Trakker Limited (the Holding Company) which holds 67.39% of its ordinary shares. The principal office of the Company is located at 12th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near KPT Interchange Flyover, Karachi, Pakistan.

The Company is required to maintain assets in excess of minimum solvency requirement under section 11 and Section 36 of the Insurance Ordinance, 2000. Based on opinion from its legal advisor, the Company considered its related party balances as admissible assets under Circular 15 of 2010 for the purpose of solvency requirement. SECP has issued Circular 18 of 2014 dated 18 August 2014 which clarifies that Circular 15 of 2010 has ceased to effect, however, the effective date of compliance is extended by 31 December 2014.

Subsequent to the period end, the Holding Company has entered into a Share Purchase Agreement with Greenoaks Global Holdings Ltd. to sell 33% of the issued and paid up share capital of the company.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002, have been followed.

The disclosures made in this condensed interim financial information has been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan vide Circular No. 7 of 2003 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2013.

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standards (IAS) - 39 "Financial Instruments: Recognition and Measurement" in respect of valuation of "available for sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of this condensed interim financial information.

This condensed interim financial information has been presented in Pakistani Rupees, which is also the functional currency of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company as at and for the year ended 31 December 2013.

### 4. ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2013.

## 5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements as at and for the year ended 31 December 2013.

## 6. CONTINGENCIES & COMMITMENTS

There is no change in the status of the contingencies and commitments and is same as disclosed in the financial statements of the Company as at and for the year ended 31 December 2013.

		(Unaudited) 30 September 2014	(Audited) 31 December 2013
<b>7. CASH AND BANK DEPOSITS</b>			
		(Rupees)	
<b>Cash and other equivalents</b>			
Stamps in hand		36,880	-
Cash in hand		444,585	422,903
		<u>481,465</u>	<u>422,903</u>
<b>Current and other accounts</b>			
Current accounts		62,332,161	92,646,136
Profit and loss saving (PLS) accounts	7.1	1,631,197	15,278,668
		<u>63,963,358</u>	<u>107,924,804</u>
		<u>64,444,823</u>	<u>108,347,707</u>

7.1 These accounts carry mark-up at a rate between 6.5% to 9% (2013: 6% to 9%) per annum.

## 8. INVESTMENTS

### Associated Company

- TPL Properties (Private) Limited	8.1	107,767,704	100,361,626
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### Others

- Available-for-sale	8.2	1,470,379	4,470,379
- Held-to-maturity	8.3	48,470,989	48,406,411
		<u>157,709,072</u>	<u>153,238,416</u>

### 8.1 TPL Properties (Private) Limited

Investment at the beginning of the year		100,361,626	99,557,194
Share of profit		7,406,078	804,432
Investment at the end of the year		<u>107,767,704</u>	<u>100,361,626</u>

## 8.2 Available-for-sale

### 8.2.1 Ordinary Shares of quoted companies

(Unaudited) 30 September 2014 (Number of Shares)	(Audited) 31 December 2013	Name of Investee Company	(Unaudited) 30 September 2014 (Rupees)	(Audited) 31 December 2013
129,000	129,000	Business Industrial Insurance Company Limited	251,260	251,260
7,731	7,731	Bank of Punjab Limited	357,727	357,727
10,000	10,000	The Hub Power Company Limited	357,000	357,000
15,195	15,195	Bank of Khyber	162,975	162,975
16,000	16,000	Summit Bank Limited	514,675	514,675
100,000	100,000	Next Capital Limited	1,000,000 2,643,637	1,000,000 2,643,637

### 8.2.2 Mutual Funds Units

(Unaudited) 30 September 2014 (Number of Shares)	(Audited) 31 December 2013		(Unaudited) 30 September 2014 (Rupees)	(Audited) 31 December 2013
9,245	7,738	First Habib Stock Fund	500,000	500,000
-	30,293	Faysal Financial Sector Opportunity Fund	- 500,000	3,000,000 3,500,000
Provision for impairment in the value of investments			(1,673,258) 1,470,379	(1,673,258) 4,470,379

The aggregate market value of the available for sale investment is Rs. 2.439 million (2013: Rs. 4.891 million).

### 8.3 Held-to-maturity - Pakistan Investment Bonds (PIBs)

This represents ten years Pakistan Investment Bonds having face value of Rs. 50 million (market value of Rs. 48.295 million) [31 December 2013: Rs. 50 million (market value of Rs. 48.65 million)]. These carry mark-up of 12% (31 December 2013: 12%) per annum and will mature between 3 September 2019 to 18 August 2021. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance 2000 and circular No. 15 of 2008 dated 7 July 2008 issued by the Securities and Exchange Commission of Pakistan.

		(Unaudited) 30 September 2014	(Audited) 31 December 2013
9. ADVANCE, DEPOSITS AND PREPAYMENTS		(Rupees)	
Advance			
- to holding company	9.1	357,519,971	293,980,004
Deposits			
- for medical and travel assistance	9.2	1,942,392	1,942,392
- for hospital enlistment		4,940,000	3,825,000
Prepaid			
- annual monitoring and other charges	9.3	48,724,082	35,607,737
- rent and maintenance charges	9.4	9,424,060	20,500,000
- Re insurance premium paid in advance		1,920,377	-
Others		3,268,743	698,709
		<u>427,739,625</u>	<u>356,553,842</u>

- 9.1** This represents advance against purchase of Tracking units and annual monitoring fees. A Special Resolution of the shareholders authorizing the Company to enhance advance upto Rs. 400 million was passed in Annual General Meeting of the Company held on 21 April 2014. The above balance carries interest at the rate of 14% per annum (2013: 14% per annum) and is secured against personal guarantees of two Directors of the Holding Company.
- 9.2** This represents a refundable deposit of US\$ 20,000 paid by the Company to International SOS (Pte) Limited against the foreign travel and medical assistance services for policy holders of the Company under a term of a service agreement signed between the Company and International SOS (Pte) Limited.
- 9.3** This represents the prepaid annual monitoring charges paid to the Holding Company against the tracking services provided by the Holding Company to the insurance policy holders of the Company.
- 9.4** This represent amount paid by the Company to TPL Properties (Private) Limited in respect of rent and maintenance charges for the principal office space located at Center Point, Korangi, Karachi.



		(Unaudited) 30 September 2014	(Audited) 31 December 2013
10. FIXED ASSETS		(Rupees)	
Opening written down value		188,138,692	168,046,473
Additions and transfers during the period / year - at cost			
- Office equipments		2,355,700	628,400
- Motor vehicles		499,918	2,733,161
- Equipments	10.1	132,180,474	95,575,902
- Computer equipments		3,338,634	1,984,690
- Furniture and fixtures		1,000,000	83,800
- Capital work-in-progress		18,098,629	17,046,874
		157,473,355	118,052,827
Written down value of disposals during the period / year		(2,560,514)	(1,774,311)
Depreciation / amortization for the period / year		(52,166,575)	(50,299,963)
		(54,727,089)	(52,074,274)
Transfer from capital work in progress during the period / year		-	(45,886,334)
Capital work in progress transferred to the Holding Company		10.2 (32,306,619)	-
Closing written down value		258,578,339	188,138,692

**10.1** The equipments are installed by the Company in the vehicles which are currently in the possession of the insured. These devices are also encumbered against short term running finance facility obtained from a bank amounting to Rs.34 million which has not been utilized during the period / year.

**10.2** During the period, capital work in progress pertaining to civil works and CISCO system of the shared office by TPL Trakker Limited and TPL Direct Insurance Limited at Centrepoint amounting to Rs. 32 million has been transferred to the Holding Company. The Holding Company will charge the related depreciation expense to the Company on monthly basis.

## 11. TRANSACTIONS WITH RELATED PARTIES

**11.1** The related parties and associated undertakings comprise TPL Trakker Limited being the Holding Company, TRG Pakistan Limited, Trakker Middle East, Digicore International (Private) Limited, Trakker Energy (Private) Limited, Habib Asset Management Limited, TPL Security Services (Private) Limited, TPL Direct Finance (Private) Limited, Virtual World (Private) Limited, TPL Properties (Private) Limited, TPL Holdings (Private) Limited, Meskay & Famtee Trading (Private) Limited, Princely Jets Private Limited, Centerpoint Management Services (Private) Limited, JS Bank Limited, Fauji Akber Portia Marine Terminals (Private) Limited, Speed (Private) Limited, TPL Direct Insurance Employee Provident Fund, directors and their related concerns and key management personnel. The balances with / due from and transactions with related parties and associated undertakings, other than remuneration and benefits to the key management personnel under the terms of their employment and those which have been specifically disclosed elsewhere in these financial statements are as follows:

## 11.2 Movement of transactions with related parties

	(Unaudited)			
	Three months period ended		Nine months period ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	(Rupees)		(Rupees)	
<b><i>TPL Trakker Limited - (Holding Company)</i></b>				
Opening balance - including sundry receivables	343,988,397	279,045,226	298,381,002	241,828,292
Reimbursement of expenses incurred on behalf of the Company	(7,450,721)	(4,507,071)	(18,199,105)	(14,061,346)
Expenses incurred by the Company on behalf of the Holding Company	1,409,270	1,571,775	55,711,227	3,345,456
Receivable from the Holding Company in respect of sale of units installed in vehicles which were snatched C-Track	414,600	541,800	2,117,300	954,600
Equipment purchased	(29,349,551)	-	(154,675,214)	-
Capital work in progress transferred to the Holding Company	-	-	32,306,619	-
Advance paid for purchase of equipment	-	-	-	(23,200,000)
Cost of services provided to the Company	(6,206,873)	(36,214,758)	(43,519,567)	(70,768,104)
Advance given during the period	45,179,200	96,129,000	163,479,200	188,579,000
Payments received during the period	-	(15,000,000)	(4,000,000)	(17,750,000)
Interest charged to the Holding Company	12,094,544	11,574,909	35,574,570	29,793,634
Equipment removal / transfer charges	(2,558,895)	(1,782,759)	(9,656,061)	(7,363,410)
Closing balance - including sundry receivables	357,519,971	331,358,122	357,519,971	331,358,122
<b><i>TPL Properties (Private) Limited- common directorship</i></b>				
Opening balance	143,487,571	120,500,000	120,765,798	101,000,000
Prepaid maintenance charges paid during the period	(2,461,320)	-	-	-
Rent and maintenance expenses during the period	(4,922,640)	-	(11,075,940)	-
Loan repayment during the period	-	-	(41,170,449)	-
Loan given during the period	-	-	67,850,000	-
Mark-up charged during the period	5,357,074	4,000,000	16,382,147	12,000,000
Mark-up received during the period	-	-	(11,290,871)	(9,000,000)
Prepaid rent paid during the period	-	-	-	20,500,000
Closing balance - including markup on loan to Associate Company	141,460,685	124,500,000	141,460,685	124,500,000
<b><i>Centerpoint Management Services (Private) Limited - common directorship</i></b>				
Opening balance	-	-	-	-
Payments made during the period	(2,878,887)	-	(2,878,887)	-
Services received during the period	1,753,381	-	1,753,381	-
Closing balance	(1,125,506)	-	(1,125,506)	-
<b><i>Virtual World (Private) Limited - common directorship</i></b>				
Opening accrued outsourcing expenses	2,016,000	423,500	924,000	693,000
Services received during the period	1,428,000	1,386,000	4,340,000	3,773,000
Payments made during the period	(1,680,000)	(885,500)	(3,500,000)	(3,542,000)
Closing accrued outsourcing expenses	1,764,000	924,000	1,764,000	924,000
<b><i>TPL Direct Insurance Limited Employees Provident Fund</i></b>				
Opening balance	728,776	490,238	471,534	389,798
Charge for the period	1,782,702	1,538,032	5,262,450	4,423,408
Contribution made during the period	(1,771,478)	(2,045,242)	(4,993,984)	(4,830,178)
Closing balance	740,000	(16,972)	740,000	(16,972)

11.2.1 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

## 12. EARNING PER SHARE - basic and diluted

	(Unaudited) Three months period ended		(Unaudited) Nine months period ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	(Rupees)		(Rupees)	
Profit after tax for the period	<u>(11,227,448)</u>	<u>6,754,922</u>	<u>25,230,820</u>	<u>40,012,247</u>
	(Number of shares)		(Number of shares)	
Weighted average number of shares of Rs. 10 each	<u>46,000,000</u>	<u>46,000,000</u>	<u>46,000,000</u>	<u>46,000,000</u>
	(Rupees)		(Rupees)	
Profit / (Loss) per share	<u>(0.24)</u>	<u>0.15</u>	<u>0.55</u>	<u>0.87</u>

- 12.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

## 13. OPERATING SEGMENTS

Class and business wise revenue and results have been disclosed in the condensed interim statement of premiums and condensed interim profit and loss account respectively, prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 and IFRS 8 - "Operating Segments". As the Company mainly deals in the Motor business, therefore the information regarding the segment assets and liabilities have not been presented in this condensed interim financial information.

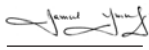
## 14. AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 24th October, 2014.

  
 Saad Nissar  
Chief Executive

  
 Ali Jameel  
Director

  
 Syed Kazim Hasan  
Director

  
 Jameel Yusuf  
Chairman

## Category of Shareholding

As on 30 September 2014

Shareholder's Category	No. of Shareholders	Number of Shares Held	Percentage of Shareholding
<b>ASSOCIATED COMPANIES/UNDERTAKINGS AND RELATED PARTIES</b>			
TPL Trakker Limited	4	30,999,000	67.39%
TPL Holdings (Pvt.) Limited	1	3,147,114	6.84%
<b>DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN</b>			
Mr. Saad Nissar	1	220,000	0.48%
Mr. Jameel Yusuf	1	500	0.00%
Mr. Ali Jameel	1	500	0.00%
<b>BANKS, DFIS AND NBFIS, MODARABA ETC</b>			
National Bank of Pakistan	1	4,141,360	9.00%
<b>MUTUAL FUNDS</b>			
Golden Arrow Selected Stocks Fund Limited	1	1,018,000	2.21%
CDC - Trustee PICIC Investment Fund	1	550,000	1.20%
CDC - Trustee PICIC Growth Fund	1	1,150,000	2.50%
CDC - Trustee AKD Opportunity Fund	1	225,000	0.49%
CDC - Trustee NAFA Stock Fund	1	87,626	0.19%
CDC - Trustee PICIC Stock Fund	1	200,000	0.43%
<b>MORE THAN 5% VOTING RIGHTS</b>			
TPL Trakker Limited	4	30,999,000	67.39%
National Bank of Pakistan	1	4,141,360	9.00%
TPL Holdings (Pvt.) Limited	1	3,147,114	6.84%

## Pattern of Shareholding

As on 30 September 2014

NO. OF SHAREHOLDERS	FROM	TO	SHARES HELD	PERCENTAGE
171	1	100	2149	0.0047
109	101	500	52102	0.1133
68	501	1000	68000	0.1478
63	1001	5000	172074	0.3741
17	5001	10000	156288	0.3398
8	15001	20000	154695	0.3363
4	20001	25000	87474	0.1902
1	25001	30000	29500	0.0641
3	30001	35000	98500	0.2141
3	45001	50000	146644	0.3188
1	50001	55000	50001	0.1087
1	55001	60000	60000	0.1304
1	60001	65000	65000	0.1413
1	70001	75000	75000	0.1630
1	85001	90000	87626	0.1905
4	95001	100000	396626	0.8622
1	100001	105000	102500	0.2228
1	105001	110000	110000	0.2391
1	140001	145000	144500	0.3141
1	195001	200000	200000	0.4348
1	205001	210000	208500	0.4533
1	210001	215000	212000	0.4609
1	215001	220000	220000	0.4783
1	220001	225000	225000	0.4891
1	285001	290000	289847	0.6301
1	365001	370000	369500	0.8033
1	395001	400000	400000	0.8696
1	545001	550000	550000	1.1957
1	810001	815000	811000	1.7630
1	1015001	1020000	1018000	2.2130
1	1145001	1150000	1150000	2.5000
1	3145001	3150000	3147114	6.8416
1	4140001	4145000	4141360	9.0030
4	30995001	31000000	30999000	67.3891
<b>477</b>	<b>Company Total</b>		<b>46000000</b>	<b>100</b>

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## **TPL Direct Insurance Ltd.**

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<http://www.tplinsurance.com>



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